FRESH START WOMEN’S FOUNDATION

FINANCIAL STATEMENTS

Year Ended June 30, 2021

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CONTENTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of

FRESH START WOMEN'S FOUNDATION

We have audited the accompanying financial statements of ***Fresh Start Women's Foundation*** (the "Foundation"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ***Fresh Start Women's Foundation*** as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Mayer Hoffman McCann P.C.

September 16, 2021

FRESH START WOMEN'S FOUNDATION

STATEMENT OF FINANCIAL POSITION

June 30, 2021

A S S E T S

CURRENT ASSETS	
Cash and cash equivalents	$ 1,437,378
Pledges receivable	77,894
Prepaid expenses and other current assets	33,851
TOTAL CURRENT ASSETS	1,549,123
INVESTMENTS (Note 2)	4,415,845
PROPERTY AND EQUIPMENT, net (Note 3)	2,630,154
OTHER ASSETS	14,132
TOTAL ASSETS	$ 8,609,254

L I A B I L I T I E S A N D N E T A S S E T S

CURRENT LIABILITIES	
Accounts payable and accrued expenses	$ 207,639
Deferred revenue	113,531
Current maturities of note payable (Note 5)	57,935
TOTAL CURRENT LIABILITIES	379,105
NOTES PAYABLE, net of current maturities (Note 5)	1,510,315
TOTAL LIABILITIES	1,889,420
NET ASSETS	
Net assets without donor restrictions	
Board designated (Note 6)	3,959,660
Undesignated	2,129,059
Total net assets without donor restrictions	6,088,719
Net assets with donor restrictions (Note 7)	631,115
TOTAL NET ASSETS	6,719,834
TOTAL LIABILITIES AND NET ASSETS	$ 8,609,254

FRESH START WOMEN'S FOUNDATION

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE AND GAINS (LOSSES)			
Contributions	$ 2,164,417	$ 156,709	$ 2,321,126
In-kind contributions	106,185	-	106,185
Investment income	600,362	83,505	683,867
Forgiveness of PPP loan	355,200	-	355,200
Other income	25,597	-	25,597
Loss on disposal of property and equipment	(10,577)	-	(10,577)
Net assets released from restrictions	224,899	(224,899)	-
	3,466,083	15,315	3,481,398
Special events:			
Special events revenue	286,552	-	286,552
Less costs of direct donor benefits	(36,144)	-	(36,144)
Gross profit on special events	250,408	-	250,408
TOTAL SUPPORT, REVENUE, AND GAINS (LOSSES)	3,716,491	15,315	3,731,806
EXPENSES			
Salaries & personnel costs	1,931,114	-	1,931,114
Contracted outside services	176,012	-	176,012
Employee related costs	41,857	-	41,857
Marketing & public relations	170,004	-	170,004
Special event costs	25,555	-	25,555
Scholarships	39,630	-	39,630
Supplies	42,346	-	42,346
Software & technology	128,431	-	128,431
Occupancy costs	171,256	-	171,256
Professional fees	27,057	-	27,057
Interest expense	51,307	-	51,307
Other	18,197	-	18,197
Depreciation	179,573	-	179,573
TOTAL EXPENSES	3,002,339	-	3,002,339
CHANGE IN NET ASSETS	714,152	15,315	729,467
NET ASSETS, BEGINNING OF YEAR	5,374,567	615,800	5,990,367
NET ASSETS, END OF YEAR	$ 6,088,719	$ 631,115	$ 6,719,834

See Notes to Financial Statements

FRESH START WOMEN'S FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2021

	Program Services							Supporting Services		
	Career Service/ Upward Mobility	Family Law	Computer Services	Social Work	Other	Support	Total Program	General and Administrative	Fundraising	Total
Salaries & personnel costs	$ 148,970	$ 175,675	$ 47,075	$ 153,651	$ 237,218	$ 651,864	$ 1,414,453	$ 163,298	$ 353,363	$ 1,931,114
Contracted outside services	22,895	28,538	757	2,497	16,873	32,939	104,499	5,144	66,369	176,012
Employee related costs	4,165	1,961	77	2,357	3,460	18,700	30,720	9,128	2,009	41,857
Marketing & public relations	2,635	113	33	98	583	87,431	90,893	45	79,066	170,004
Special event costs	-	-	-	-	-	-	-	-	61,699	61,699
Scholarships	11,694	1,254	39	196	6,042	14,926	34,151	4,697	782	39,630
Supplies	3,476	5,157	2,831	2,936	5,765	5,037	25,202	199	16,945	42,346
Software & technology	12,946	15,095	8,088	11,514	17,365	49,632	114,640	689	13,102	128,431
Occupancy costs	34,384	15,509	17,494	28,893	44,871	26,078	167,229	1,356	2,671	171,256
Professional fees	3,710	3,107	914	2,703	3,968	7,401	21,803	1,234	4,020	27,057
Interest expense	10,617	4,789	5,402	8,880	13,855	6,520	50,063	419	825	51,307
Other	1,278	582	650	1,116	1,713	11,893	17,232	55	910	18,197
Total expenses before depreciation	256,770	251,780	83,360	214,841	351,713	912,421	2,070,885	186,264	601,761	2,858,910
Depreciation	37,161	16,761	18,906	31,082	48,492	22,819	175,221	1,465	2,887	179,573
TOTAL EXPENSES	$ 293,931	$ 268,541	$ 102,266	$ 245,923	$ 400,205	$ 935,240	$ 2,246,106	$ 187,729	$ 604,648	$ 3,038,483

See Notes to Financial Statements

FRESH START WOMEN'S FOUNDATION

STATEMENT OF CASH FLOWS

Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 729,467
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	179,573
Amortization of deferred financing costs	912
Loss on disposition of fixed assets	10,576
Forgiveness of PPP loan	(355,200)
Net realized/unrealized investment gains	(655,360)
Changes in operating assets and liabilities:	
(Increase) decrease in:	
Pledges receivable	(16,972)
Prepaid expenses and other current assets	(15,739)
Increase (decrease) in:	
Accounts payable and accrued expenses	36,300
Deferred revenue	32,331
Net cash used in operating activities	(54,112)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(311,354)
Purchases of investments	(226,646)
Proceeds from sale of investments	148,997
Net cash used in investing activities	(389,003)
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on note payable	(51,721)
Proceeds from PPP loan	312,900
Net cash provided by financing activities	261,179
NET CHANGE IN CASH AND CASH EQUIVALENTS	(181,936)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,619,314
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,437,378
NON-CASH INVESTING AND FINANCING ACTIVITIES	
Purchases of property and equipment included in accounts payable	$ 81,214
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash paid for interest	$ 52,217

See Notes to Financial Statements

(1) Operations and summary of significant accounting policies

Foundation's operations – ***Fresh Start Women's Foundation***, an Arizona Nonprofit Corporation**,** (the "Foundation"), was founded in 1992 and incorporated in Arizona as a not-for-profit organization in 1994. The Foundation is dedicated to helping women help themselves.

The Foundation primarily fulfills its mission through the work at the Jewell McFarland Lewis-Fresh Start Women's Resource Center (the "Center"), a 25,000 square foot facility opened in Phoenix, Arizona on October 2, 2002. This Center, the first comprehensive self-help center for women in the country, is a place for women to access information, programs and services to help them in times of transition. This Center is a model in partnering with other organizations and does not duplicate services found elsewhere in the community except where there is an unmet need. This Center provided approximately 15,000 services during the year ended June 30, 2021.

The significant accounting policies followed by the Foundation are summarized below:

Basis of presentation – The financial statements are presented in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-205, *Not-for-Profit Entities – Presentation of Financial Statements*. Under FASB ASC 958-205, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

The Foundation maintains its accounts on the accrual basis of accounting. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restrictions
Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the Board of Directors.

Net assets with donor restrictions
Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Management's use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents – Cash includes cash and, at times, cash equivalents, which consist of highly liquid financial instruments purchased with original maturities of three months or less. Deposits at each institution are insured in limited amounts by the Federal Deposit Insurance Corporation ("FDIC").

(1) Operations and summary of significant accounting policies (continued)

Contributions – The Foundation evaluates grants and contributions for evidence of the transfer of commensurate value from the Foundation to the resource provider. The transfer of commensurate value from the Foundation to the resource provider may include instances when a) the goods or services provided by the Foundation directly benefit the grantor or resource provider or are for the sole use of the grantor or resource provider or b) the grantor or resource provider obtains proprietary rights or other privileges from the goods or services provided by the Foundation. When such factors exist, the Foundation accounts for the grants or contributions as exchange transactions under ASC 606, *Revenue from Contracts with Customers*, or other appropriate guidance. In the absence of these factors, the Foundation accounts for the award under the contribution accounting model.

In the absence of the transfer of commensurate value from the Foundation to the resource provider, the Foundation evaluates the contribution for criteria indicating the existence of measurable barriers to entitlement for the Foundation or the right of return from the resource provider. A barrier to entitlement is subject to judgment and generally represents an unambiguous threshold for entitlement that provides clarity to both the Foundation and resource provider whether the threshold has been met and when. These factors may include measurable performance thresholds or limited discretion on the part of the Foundation to use the funds. Should the existence of a measurable barrier to entitlement exist and be accompanied by a right of return of the funds to the resource provider or release of the resource provider from the obligation, the contribution is treated as a conditional contribution. If both the barrier to entitlement and right of return do not exist, the contribution is unconditional.

The Foundation accounts for contributions in accordance with FASB ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*. In accordance with FASB ASC 958-605, contributions received are recorded as contributions without donor restrictions or contributions with donor restrictions depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and change in net assets as net assets released from restrictions. Contributions with donor restrictions, where restrictions are fulfilled in the same period in which the contribution is received, are shown as additions to contributions without donor restrictions.

Special events revenue – The Foundation conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Foundation. The direct costs of the special events which ultimately benefit the donor rather than the Foundation are recorded as costs of direct donor benefits. All proceeds received in excess of the direct costs are recorded as gross profit on special events in the accompanying statement of activities and change in net assets. Any special events revenue received prior to the events would be recorded as deferred revenue in the accompanying statement of financial position until the event occurs, at which time it would be recognized as special events revenue.

(1) Operations and summary of significant accounting policies (continued)

Promises to give – Unconditional promises to give (pledges) that are to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are initially recorded at the fair value of their estimated future cash flows as of the date of the promise to give through the use of a present value discount technique. In periods subsequent to initial recognition, unconditional promises to give are reported at the amount management expects to collect and are discounted over the collection period using the same discount rate as determined at the time of initial recognition. The discount rate determined at the initial recognition of the unconditional promise to give is based upon management's assessment of many factors, including when the receivable is expected to be collected, the creditworthiness of the other parties, the Foundation's past collection experience and its policies concerning the enforcement of promises to give, expectations about possible variations in the amount or timing, or both, of the cash flows, and other factors concerning the receivable's collectability. Amortization of any discount is included in support from contributions. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Credit risk on pledges receivable is considered by management to be limited due to prior collection history with these donors and their standing in the community. However, management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to pledges receivable. At June 30, 2021, pledges receivable are considered by management to be fully collectible, and accordingly, an allowance for uncollectible pledges is not considered necessary. All pledges receivable are due within one year.

Donated materials and services – Donated materials are recorded at their estimated fair value at the date of receipt. Donated services are recognized as contributions in accordance with FASB 958-605 if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased.

The Foundation received the following donated materials and services which are included in in-kind contributions:

Contribution	Used For	Amount
Contracted outside services	Family Law	$ 25,200
Contracted outside services	Career Service/Upward Mobility	20,218
Contracted outside services	Rebranding services	40,000
Contracted outside services	Other program support	20,767
		$ 106,185

Numerous volunteers have donated significant amounts of time to perform a variety of tasks that assist the Foundation with specific programs, campaign solicitations, and various committee assignments. This support has not been recorded as a component of contributions as it does not meet the recognition criteria under FASB ASC 958-605. Although no amounts have been reflected in the financial statements, management estimates the fair value of those services to be approximately $83,000 for the year ended June 30, 2021.

(1) Operations and summary of significant accounting policies (continued)

Investments and fair value measurements – The Foundation accounts for its investments in equity securities in accordance with FASB ASC 958-321, *Not-for-Profit Entities – Investments – Equity Securities* and debt securities in accordance with FASB ASC 958-320, *Not-for-Profit Entities – Investments – Debt Securities*. Under FASB ASC 958-320 and FASB ASC 958-321, the Foundation reports investments in equity and debt securities, at fair value. The fair values of investments are based on quoted market prices or net asset value, if applicable. Investment income (including interest, dividends, and realized and unrealized gains and losses on investments) is included in the change in net assets. The Foundation determines the fair value of its investments held in the Arizona Community Foundation ("ACF") intermediate-term investment pool based on its investment percentage in the consolidated investment pool. ACF implements an investment strategy for these pooled funds that includes equity and fixed income investments.

Investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect account balances and the amounts reported in the accompanying financial statements.

FASB ASC 820, *Fair Value Measurement*, establishes a common definition for fair value to be applied to accounting principles generally accepted in the United States of America requiring use of fair value, establishes a framework for measuring fair value, and expands disclosures about such fair value measurements. FASB ASC 820 establishes a hierarchy for ranking the quality and reliability of the information used to determine fair values. FASB ASC 820 requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2: Unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3: Unobservable inputs for the asset or liability.

Property and equipment and related depreciation – Purchased property and equipment is valued at cost. Maintenance and repairs are charged to operations when incurred. Generally, property and equipment in excess of $1,000 is capitalized.

When property and equipment is sold or otherwise disposed of, the asset and related accumulated depreciation accounts are relieved, and any gain or loss is included in operations. Depreciation of property and equipment is computed on a straight-line basis over the following estimated useful lives:

	Useful Life
Building	35 years
Land improvements	35 years
Building improvements	10 years
Computer equipment and software	3 - 5 years
National website	3 years
Furniture, fixtures and equipment	3 - 10 years
Bus shelter	10 years

(1) Operations and summary of significant accounting policies (continued)

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions absent donor stipulations regarding how long those donated assets must be maintained. The Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Impairment of long-lived assets – The Foundation accounts for long-lived assets in accordance with the provisions of FASB ASC 360, *Property, Plant and Equipment*. FASB ASC 360 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. No impairment charges were recorded for the year ended June 30, 2021.

Functional expenses – The costs of providing the various programs and other activities have been summarized on a natural basis in the accompanying statement of activities and change in net assets. The statement of functional expenses presents the natural classification detail of expense by function. Accordingly, certain costs have been allocated among the programs and support services benefited based on full-time equivalents, physical usage and square footage. General and administrative expenses include those expenses that are not directly identifiable with any specific program but provide for the overall support and direction of the Foundation.

The expenses that are allocated include the following:

Salaries & personnel costs and employee related expenses	Time incurred
Professional fees, office supplies	Number of full time employees
Depreciation, interest expense, and debt costs	Square footage

Advertising – Advertising costs are charged to operations when incurred. Advertising expense charged to operations was $170,005 for the year ended June 30, 2021.

Income tax status – The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the "Code") and, accordingly, there is no provision for income taxes. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170 of the Code and has been classified as an organization that is not a private foundation. Income determined to be unrelated business taxable income would be taxable. The Foundation evaluates its uncertain tax positions, if any, on a continual basis through review of its policies and procedures, review of its regular tax filings, and discussions with outside experts.

The Foundation's federal Return of Organizations Exempt from Income Tax (Form 990) for fiscal 2018, 2019 and 2020 are subject to examination by the IRS, generally for three years after they were filed. As of the date of this report, the fiscal 2021 informational return had not yet been filed.

(1) <u>Operations and summary of significant accounting policies (continued)</u>

Recent accounting pronouncements – In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842).* ASU 2016-02 requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the balance sheet upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating leases in existing lease accounting guidance. The ASU is effective for fiscal years beginning after December 15, 2019 unless the entity adopts the provisions of ASU No. 2020-05 as described below. Early adoption is permitted. The Foundation does not expect the adoption of this standard to have a material impact on the financial statements.

In June 2020, the FASB issued FASB ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*, which allows certain entities to elect to defer the effective date of the provisions of FASB ASU No. 2014-09 and ASU No. 2015-14 and ASU No. 2016-02. These entities may elect to adopt the guidance for revenue for annual reporting periods beginning after December 15, 2019. Additionally, under the amendments, entities may elect to adopt the leases guidance for fiscal years beginning after December 15, 2021.

In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 requires that gifts-in-kind to be presented as a separate line item on the statement of activities. Additionally, gifts-in-kind are to be disaggregated into categories based on the type of gift received, with the following disclosures made for each category:

- Qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period. If utilized, the entity will be required to disclose a description of the programs or other activities in which those assets were used.
- The entity's policy (if any) about monetizing rather than utilizing contributed nonfinancial assets.
- A description of any donor-imposed restrictions associated with the contributed nonfinancial assets.
- A description of the valuation techniques and inputs used to arrive at a fair value measure, in accordance with the requirements in Topic 820, Fair Value Measurement, at initial recognition.
- The principal market (or most advantageous market) used to arrive at a fair value measure if it is a market in which the recipient entity is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets.

ASU 2020-07 is require to be adopted for annual reporting periods beginning after June 15, 2021 and shall be applied to retrospectively to all periods presented. The Organization is evaluating the impact that this ASU will have on the combined financial statements.

In March 2020, the FASB issued ASU No. 2020-04, *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. ASU 2020-04 provides optional expedients and exceptions for applying GAAP to contracts affected by reference rate reform if certain criteria are met. The amendments to this update apply only to contracts or transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. The expedients and exceptions provided by the amendments do not apply to contract modifications made after December 31, 2022. The amendments in this update are effective for all entities as of March 12, 2020 through December 31, 2022. The entity may apply the amendments for contract modifications as of any date from the beginning of an interim period that includes or is subsequent to March 12, 2020, or prospectively from that date until the financial statements are available to be issued. The Foundation has not elected to apply the amendments during the current year and is currently evaluating the impact that this ASU will have on the combined financial statements.

Subsequent events – The Foundation has evaluated subsequent events through September 16, 2021, which is the date the financial statements were available to be issued.

(2) Investments

Investments consist of:

Cash	$ 22,327
Fixed income mutual funds	
Short-Term Bonds	259,828
Intermediate-Term Bonds	120,596
Long-Term Bonds	77,337
Fixed Income - Nontraditional	103,297
Fixed Income - High Yield	224,890
Fixed Income - Small Value	15,298
Total fixed income mutual funds	801,246
Equity mutual funds	
Large Blend	131,006
Growth	185,749
Large Value	277,935
Other	62,713
Total equity mutual funds	657,403
ACF intermediate investment pool	2,934,869
Total investments	$ 4,415,845

Investment income consists of:

Interest and dividend income	$ 60,606
Investment fees	(33,453)
Unrealized gains on investments	582,346
Realized gains on investments	73,014
Total investment income	$ 682,513

FASB ASC 958-605 *Not-for-Profit Entities – Revenue Recognition*, establishes accounting standards for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both, to another entity that is specified by the donor. FASB ASC 958-605 specifically requires that if a not-for-profit organization ("NPO") establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the NPO must record the fund as an asset and the community foundation must account for the fund as a liability. The Foundation has such funds with ACF. The Foundation's funds at ACF are pooled with other funds at ACF to be invested.

Investments are held to provide secure long-term funding for the mission of the Foundation, therefore investments are classified as long-term assets in the accompanying statement of financial position.

(3) Property and equipment

Property and equipment consists of:

Cost and donated value:		
Building	$	4,242,346
Land improvements		203,841
Building improvements		370,662
Computer equipment and software		114,340
National website		120,715
Furniture, fixtures and equipment		58,058
Bus shelter		6,500
Construction in progress		364,488
Total cost and donated value		5,480,950
Accumulated depreciation		(2,850,796)
Net property and equipment	$	2,630,154

Depreciation expense charged to operations was $179,573 for the year ended June 30, 2021.

Construction in progress at June 30, 2021 includes ongoing renovations painting, flooring, and lighting of the Fresh Start Center. The renovations are being completed in two phases. Phase 1 was completed in August 2021 with costs to complete incurred of approximately $325,000. Phase 2 is expected to be completed in September 2021 with costs to complete of approximately $137,000. The projects were funded through the use of operating cash and donations.

(4) Lines of credit

During the year ended June 30, 2012, the Foundation entered into a revolving line of credit agreement with Merrill Lynch. Amounts available to borrow is limited to collateral on hand and are due on demand. As of June 30, 2021, the amount of available borrowings was approximately $271,000. Interest accrues on borrowings at the one month LIBOR rate plus 3.125% (3.285% at June 30, 2021). There is no specified maturity date of the arrangement.

In May of 2017, the Foundation opened an additional revolving line of credit agreement with Wells Fargo with available borrowings of up to $675,000, maturing in June 2018. The Foundation is required to maintain a minimum liquid cash, cash equivalent, or investment balance of $150,000. In July 2018, the line of credit was renewed through August 2021 and secured by a deed of trust. The line is expected to be renewed in the normal course of business. Interest accrues on borrowings at the one month LIBOR rate plus 2.750% (2.91% at June 30, 2021).

There was no outstanding balance on either line of credit as of June 30, 2021.

(5) Notes payable

Note payable with a bank

The Foundation has a loan agreement with a bank which bears interest at 3.65% and matures in May 2027. Monthly principal and interest payments of $9,283 are due for the remaining term of the loan, after which a balloon payment of all unpaid principal and interest is due at the maturity date. The loan is subject to certain non-financial covenants and is collateralized by the Foundation's building used for the Women's Resource Center.

(5) Notes payable (continued)

Paycheck Protection Program Loans
In April 2020, the entity applied for and received a forgivable Paycheck Protection Loan of $355,200 as provided under the Federal Coronavirus Aid, Relief and Economic Security Act. Under the terms of the loan, the balance is forgivable to the extent the proceeds are used for certain qualified costs for the 24 week period through September 2020 and that certain employment levels were maintained. The Foundation received legal release from the obligation in March 2021 and recorded a gain on the forgiveness of debt of $355,200 for the year ended June 30, 2021.

In April 2021, the entity applied for and received a second forgivable Paycheck Protection Program Loan of approximately $312,900. The balance is forgivable consistent with the terms above over the covered period of 24 weeks through September 2021. To the extent a portion of the loan does not meet the criteria to be forgiven, such amount is due in April 2026 and carries an interest rate of 1%. The Foundation anticipates using all of the proceeds for eligible costs and expects the entire loan to be forgiven. A formal request for forgiveness will be submitted after the performance period outlined above. If the Foundation is successful in its application for forgiveness, upon receipt of a legal release from the obligation, the Foundation will record a gain on the forgiveness of debt equal to the amount forgiven.

Annual maturities under the loan agreements at June 30, 2021 are as follows:

Years Ending June 30,	
2022	$ 58,849
2023	133,825
2024	148,038
2025	151,790
2026	142,900
Thereafter	938,212
Total future maturities	1,573,614
Less unamortized deferred financing costs	(5,364)
Total note payable	$ 1,568,250

(6) Board designated net assets

Board designated net assets consist of amounts set aside by the Board to establish an operating reserve (the "Reserve"). The purpose of the Reserve is to establish and maintain a reserve which positions the Foundation to be able to respond to varying economic conditions, ensure long-term financial stability, and continuously carry out its mission. The specific objectives of the Reserve are:

(1) To create an internal line of credit to manage cash flows, maintain financial flexibility and meet commitments, obligations, or contingencies,
(2) Prevent cash flow crises that lead to expensive, short term, crisis based decisions,
(3) Provide funds to meet unfunded or unexpected needs, and
(4) Provide funds for emergency and emerging needs without jeopardizing ongoing operations.

As a secondary purpose, the Reserve may also generate investment income that can be used for operational purposes or reinvested in the Reserve. No amounts were spent during 2021. As of June 30, 2021, the amount maintained for the Reserve is $1,024,791.

Additionally, board designated net assets includes amounts set aside by the Board to establish a quasi-endowment fund to provide long-term funding for the mission of the Foundation. The assets of the quasi-endowment fund are managed to facilitate the Foundation's goals and objectives as outlined by the Board of Directors and is subject to an investment spending policy.

(6) Board designated net assets (continued)

The spending policy makes available annually for spending 5% of the moving average balance of the total assets under management over the prior 36 month period. Such a policy will allow for greater predictability of spendable income for budgeting purposes and for gradual, steady growth for the support of operations by the investable assets. In addition, this policy will minimize the probability of invading the principal over the long term. However, since there may occasionally be situations requiring a higher percentage of spending from investable assets, the Finance Committee with the approval of the Foundation's Board of Directors may increase or decrease the spending rate on a temporary basis.

No amounts were spent during 2021. As of June 30, 2021, the amount maintained for the board designated quasi-endowment fund is $2,934,869.

(7) Net assets with donor restrictions

Net assets with donor restrictions consist of:

Purpose restrictions:	
Accumulated donor endowment fund earnings	$ 179,542
Scholarships	30,118
Grants	171,455
Total purpose restrictions	381,115
Donor endowment funds restricted in perpetuity	250,000
Total net assets with donor restrictions	$ 631,115

Satisfaction of purpose restrictions:	
Grants	$ 184,731
Scholarships	40,168
Total releases of net assets with donor restrictions	$ 224,899

(8) Endowments

The Foundation's endowment consists of a donor restricted fund to be held in perpetuity and a board designated quasi-endowment. Earnings on the endowment are not restricted in accordance with the donor's intent. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

In September 2008, the State of Arizona enacted ARS§10-11801 et seq Management of Charitable Funds Act ("MCFA"). The Board of Directors of the Foundation has interpreted MCFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Foundation classifies as net assets restricted in perpetuity (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified as net assets restricted in perpetuity is classified as net assets subject to purpose or time restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by MCFA.

(8) Endowments (continued)

To achieve its investment objectives over long periods of time, the Foundation has adopted an investment strategy that invests in domestic and international equities, fixed income, and money market strategies. The majority of assets are invested in fixed income securities. Equity and equity-like securities and alternative assets are used to lower short-term volatility. Diversification by asset class, investment style, investment manager, etc. is employed to avoid undue risk concentration and enhance total return. The primary performance objective is to preserve the fair value of endowment assets with the maximization of earnings as a secondary objective.

The spending policy determines the amount of money in a given year that will be distributed from the Foundation's endowment assets. The current spending policy is solely at the discretion of the Foundation's Board of Directors. Over the long term, the Foundation expects its endowment assets to grow at the rate of inflation. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through new gifts and investment returns.

Endowment net asset compositions by type of fund as of June 30, 2021 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board designated quasi-endowment	$ 2,934,869	$ -	$ 2,934,869
Donor restricted endowment held in perpetuity	-	250,000	250,000
Accumulated donor restricted endowment earnings	-	179,542	179,542
Endowment net assets, end of year	$ 2,934,869	$ 429,542	$ 3,364,411

The changes in endowment net assets for the year ended June 30, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 2,425,492	$ 346,037	$ 2,771,529
Investment return:			
Contributions	18,805	-	18,805
Interest and dividend income	10,669	73,193	83,862
Net appreciation	479,903	10,312	490,215
Endowment net assets, end of year	$ 2,934,869	$ 429,542	$ 3,364,411

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or MCFA requires the Foundation to retain as a fund of perpetual duration. There were no such deficiencies at June 30, 2021.

(9) Fair value measurement

The following table summarizes the valuation of the Foundation's assets and liabilities subject to recurring fair value measurement, other than investments measured at net asset value ("NAV") as a practical expedient, by the above FASB ASC 820 categories as of June 30, 2021:

(9) Fair value measurement (continued)

	Total	Level 1	Level 2	Level 3
Fixed income mutual funds				
Short-term bonds	$ 259,828	$ 259,828	$ -	$ -
Intermediate-term bonds	120,596	120,596	-	-
Long-term bonds	77,337	77,337	-	-
Fixed income - nontraditional	103,297	103,297	-	-
Fixed income - high yield	224,890	224,890	-	-
Fixed income - small value	15,298	15,298	-	-
Total fixed income mutual funds	801,246	801,246	-	-
Equity mutual funds				
Large blend	131,006	131,006	-	-
Growth	185,749	185,749	-	-
Large value	277,935	277,935		
Other	62,713	62,713	-	-
Total equity mutual funds	657,403	657,403	-	-
Total investments	$ 1,458,649	$ 1,458,649	$ -	$ -

In accordance with FASB ASC 820, the investments in ACF of are excluded from the fair value measurements leveling disclosures. The Foundation determines the fair value of its investments held by ACF based on its investment percentage in the consolidated investment pool. ACF implements an investment strategy for these pooled funds that includes equity and fixed income funds. There are no unfunded commitments associated with the investments held at ACF and redemptions are permitted upon request.

The Foundation has no other financial instruments subject to fair value measurement on a recurring basis as of June 30, 2021.

(10) Commitments

The Foundation leases office equipment under various agreements expiring through October 2024. Future minimum rental payments under the noncancelable operating leases are as follows:

Years Ending June 30,	
2022	$ 22,523
2023	15,684
2024	3,879
Total minimum future rental payments	$ 42,086

Total rent expense under the operating leases was $19,037 for the year ended June 30, 2021.

The Foundation also has a ground lease agreement for the land where the Center is located with an annual rent of $1. The lease term is for 75 years ending February 2076. Under the terms of the ground lease agreement, the Foundation may purchase the leased property for fair market value at the end of the 50th year of the agreement or at any time thereafter prior to the end of the agreement, provided the lease is in effect and the Foundation has made all of the payments required under the terms of the lease.

(11) Retirement plans

Effective January 1, 2013, the Foundation elected to participate in the CBR Management Services, Inc. 401(k) plan, a multiple employer benefit plan. Effective January 1, 2021, the Foundation merged their portion of the CBR Management Services, Inc. 401(k) plan with the ADP TotalSource Retirement Savings Plan, a multiple employer benefit plan. Under the provisions of the plans, employees who are at least 21 years of age and have provided at least one year of service in which they completed 1,000 hours of service are eligible to participate. The Foundation matches employee deferrals into the plan using a specified formula with a maximum match equal to 4% of the participant's compensation. During 2021, the Foundation made matching contributions of approximately $17,300 which are included in employee related expenses in the accompanying statement of activities and change in net assets.

(12) Liquidity and availability of resources

Financial assets available for general expenditure that is without donor or other restrictions limiting their use, within one year of the statement of financial positon date are as follows:

Cash and cash equivalents	$ 1,437,378
Pledges receivable	77,894
Investments	4,415,845
Total financial assets	5,931,117
Less:	
Board designated long term reserve	(874,791)
Net assets with donor restrictions	(631,115)
Board designated quasi-endowment designated by the spending policy	(2,934,869)
Amounts collateralizing lines of credit	(150,000)
Financial assets available to meet cash needs for general expenditure within one year	$ 1,340,342

The Foundation monitors its cash flows to ensure the fulfillment of all obligations. The Foundation's policy is to fully invest available funds in a manner that will provide investment returns while maintaining an acceptable risk profile. Amounts designated by the Board could be readily liquidated without significant penalty to fund operating cash flow needs upon approval. Additionally, the Foundation maintains two $675,000 lines of credit, as discussed in Note 4. As of June 30, 2021, approximately $933,000 remained available for use by the Foundation, subject to bank approval.

(13) Risks and uncertainties

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus as a "pandemic". First identified in late 2019 and known as COVID-19, the outbreak has impacted millions of individuals worldwide. In response, many countries have implemented measures to combat the outbreak which have impacted global business operations and travel.

(13) Risks and uncertainties (continued)

The COVID-19 outbreak has triggered volatility in financial markets and a significant negative impact on the global economy. The extent of the impact of COVID-19 on the Foundation's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on services provided, special events held, employees and vendors, all of which are uncertain and cannot be predicted and are expected to impact contribution and special events revenue for the remainder of 2021. The Foundation cancelled certain special events and has converted many of its services to online platforms. Although certain special events were cancelled, donors continued to provide contributions to the Foundation. Additionally, as most in-person services were temporarily discontinued in March 2020, the Foundation realized the cost savings associated with the mentoring, computer services, and social work programs.

As of the date the financial statements were available to be issued, the Foundation's operations have slowed. However, due to the Foundation's ability to convert to an online platform, and the receipt of stimulus proceeds, the Foundation's cash flows have not been significantly negatively impacted. The Foundation continues to closely monitor the situation. Depending on the severity and duration of the pandemic, the Foundation could experience a material negative impact to operations, cash flow, and financial condition. However, the extent of the impact cannot be reasonably estimated at this time.

In conducting its activities, the Organization, from time to time, is the subject of various legal claims. Management believes that the ultimate resolution of such legal claims will not have a material effect on the financial statements of the Organization.

(14) Related party transactions

During the year ended June 30, 2021, the Foundation received approximately $186,809 in total support from Board members.